

WELFARE REFORM HAS BEEN A SUCCESS

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Summary: Welfare reform is a huge success – work is up, caseloads have been cut in half, and child poverty is down significantly – exactly the opposite of what opponents said would occur.

The 1996 welfare reform law has been a huge success in promoting work.

- States have overhauled their welfare programs to stress work, as required by the 1996 law.
- The percentage of working welfare recipients reached an all-time high in FY 2000, up to 34 percent from 11 percent in 1996. (HHS)
- Wages for single mothers are up nearly 30 percent since 1993, and for single mothers at the bottom of the wage scale, the increases were especially dramatic – with hourly wages increasing 17.2 percent. (Urban Institute, Single Parents' Monitor, July 25, 2001).
- The poorest 20 percent of single mother families more than doubled their earnings between 1995 and 2000, after adjusting for inflation, and the next quintile of single mothers saw their average earnings grow by almost \$5,000 between 1995 and 2000. (CRS)

Caseload declines resulted from millions of families leaving – or never going on – cash welfare.

- Cash welfare caseloads fell 60 percent nationwide, to their lowest levels since 1965, as nearly 3 million families and 9 million recipients left the rolls since 1994. (HHS)
- This change is unprecedented in American history.
- In Wisconsin caseloads fell over 80 percent; welfare no longer exists in some counties. (HHS)
- Good economic times alone can't explain this decline. For example, in the 1980s expansion when a net 18 million new jobs were created, welfare caseloads actually grew 12 percent.
- Because caseloads were cut in half while Temporary Assistance for Needy Families (TANF) funds were fixed and child care funds grew, Federal funds per TANF family more than doubled to nearly \$16,000 per year. This is critical to help parents with barriers enter work.

Significantly, child poverty has fallen as welfare has been reformed.

- Opponents of welfare reform predicted 1 million children would be cast into poverty. (Children's Defense Fund, Urban Institute)
- In contrast, nearly 3 million children have been lifted out of poverty since 1996. (Census)
- The black child poverty rate and the poverty rate for children living with single mothers hit a record low in 2000 and remained at or near these record lows in 2001. (Census)

Welfare success has been fueled by a generous system of work supports for needy families.

- Safety net programs such as Workforce Investment Act job training and education services, child care funds, Medicaid, and Earned Income Credits, have been strengthened over time to help families find and keep jobs and leave welfare. So now parents who accept even minimum wage jobs are financially better off than they were on welfare. (CRS Testimony, April 3, 2001).
- In all, Federal and State means-tested benefits totaled more than \$400 billion in FY 2000, up from about \$200 billion in 1990. (Ways and Means Green Book) Clearly we are not reforming welfare "on the cheap".

There is still a lot more work to do.

- Despite the success of reforms to date, too many families break up or never form, and teen childbearing remains at epidemic levels in low-income areas. Today, one out of every three births occurs out-of-wedlock, and nearly seven in ten births to black mothers. (CDC) These factors ensure that millions of children will remain at risk of welfare dependence in the future.
- A majority of welfare recipients still do not work or engage in work-preparation activities. (HHS)
- In the average state, the "real" work requirement for current recipients is a tiny 5 percent. (HHS)
- Many parents have limited skills and work experience. So states must continue to promote work and help parents find and keep jobs that offer opportunities for the future.
- The 2002 House-passed welfare reform bill (H.R. 4737) addresses these continued needs, while providing up to \$4 billion more for child care needs in the next 5 years. This same formula for success is provided in the House welfare reauthorization bill introduced in January 2003.